

BUYOUT FACT SHEET

OVERVIEW OF BUYOUT:

- Buyout costs can be funded by government backed loans from NOAA's Fisheries Service, money congressionally appropriated for the purpose of buyouts, available under the Saltonstall-Kennedy Act, or funds provided by any State, or other public, or private sources.
- Funding can come from only one source or from a combination of sources.
- Buyouts funded in any amount by a loan are processed differently from those without a loan component.

CRITERIA OF LOAN BUYOUT:

- Maximum term for buyout loan is 20 years.
- Loan interest rate is 2% above the U.S. Treasury's cost of borrowing from the public for comparable maturities.
- Before a buyout loan can be approved, two-thirds of the vessel or permit holders in the affected fishery voting in the referendum must agree to pay back the loan through landings fees.
- The loan repayment fee cannot exceed 5% of the dockside value of the fish sold after the buyout gross ex-vessel value of post-buyout fish deliveries, but will not be higher than necessary to pay off the loan over its term.
- Fish buyers collect the fee when they withhold the amount required from the post-buyout trip proceeds otherwise payable to fishermen upon deliveries of buyback fish.
- The fee is applied only to deliveries of fish involved in the buyout.
- Fish buyers collect fee revenues and forward them to the agency's lockbox for application to the loan.
- A buyout that involves a loan requires a buyout business plan prepared by fishing industry proponents of the buyout.

BUSINESS PLAN FOR LOAN:

- The business plan allows fishermen to design the kind of buyout that the fishing industry wants, is willing to pay for, and will likely approve in a later referendum about the fee system necessary to repay a buyout loan.
- A Fishery Management Council must review and approve each business plan in a federal fishery, prepare the necessary buyout amendment to the fishery management plan, hold a public hearing, and request the buyout.
- NOAA's Fisheries Service must review and approve the buyout request and fishery management plan amendment, prepare an implementation plan and regulation, approve a loan, request bids, and conduct a referendum based on bid results.

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